Disbursement of External Assistance to States

3942. SHRI BASUDEB ACHARIA: Will the Minister of FINANCE be pleased to state:

(a) The percentage of external assistance received from the World Bank and other foreign agencies for a project which is passed on by the Union Government to the concerned State Governments;

(b) the percentage out of that which is treated as grant and loan, separately;

(c) the annual rate of interest paid by the Union Government to the outside agencies on such assistance and the rate of interest charged by the Union Government to the convered State Governments;

(d) the reasons for not passing on the entire amount of assistance to the States and also for difference in rate of interest paid and charged; and

(e) the steps, if any, proposed to be taken by the Union Government in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (RAMESHWAR THAKUR): (a) Funds are released equivalent to 100% of external aid disbursements in the case of projects in the social service sectors and for programmes which have a direct bearing on poverty alleviation while in other cases it is limited to 70% of aid disbursement.

(b) 30% is treated as grant and 70% as loan.

(c) to (e). The Union Government charges 10.75 interest per annum from the State Governments. A list of interest rates levied by various International agencies is attached. The difference in the rate of interest is because the Central Government bears the entire exchange rate risk. The question of passing on the entire amount of assistance to the States is still under consideration and no final decision has been taken.

Terms & Conditions of Loans

Name of country Institution	Grace Period (Yrs.)	Repayment period after grace period (Yrs.)	Rate of Interest
1	2	3	4
Austria	2 to 10	10 to 20	2% to 5%
Belgium	5 to 10	15 to 20	1% to 3%
Canada	2 to 10	12 1/2 to 40	0.75%
Danemark	2 to 10	25	Interest free
France	2 to 11	9 to 19 1/2	2.5% to 3.7% tressury portion
			6.85% to 10.7% Govt. portion.
F.R.G.	2 to 10	7 to 40	o.75% to 3% Govt. portion.
			6% to 8% Bank portion.
Italy	3	9 to 12 1/2	1.5% to 5%
Japan	3 to 10	7 to 20	2.75% to 6.25%
Netherlands	7 to 10	18 to 40	0.755 to 5.5%

Name of country Institution	Grace Period (Yrs.)	Repayment period after grace period (Yrs.)	Rate of Interest
1	2	3	4
U.S.A.	1 to 10	3 to 30	0.75% to 3.2%
I.B.R.D.	1 to 10	10 to 20	7.72% to 8.89%
I.D.A.	10	40	–075% (Service-charges included)
EEC	10	40	0.75%
IFAD	10	40	1.0%
IMF (Trust Fund)	5	5	0.5%
Czechoslovakia	1 to 3	8 to 13	2.5%
Hungary	1	10	2.5%
U.S.S.R.	1 to 3	7 to 17	2.5%
Abu Dhabi	5	15	4%
OPEC	4 to 5	15 to 20	0.5% to 4%
Saudi Fund	5	15	3% to 4%

Name of country Institution	Grace Period (Yrs.)	Repayment period after grace period (Yrs.)	Rate of Interest
1	2	3	4
IRAN	5	16	2.5% to 5%
Kuwait Fund	5 to 5 1/2	20	4% to 4.5%
U.A.E.	5 to 6	10 to 15	2.5%
Switzerland	10 to 12	5 to 40	1.5% to 3%
A.D.B.	5	25	6.76%
IMF (EF)	3 1/2 to 7 years		7.5% to 7.8% for borrowed Resources for ordinary Resources.